

TOPICS & REPORT

Teachers' Retirement System of the State of Illinois



Summer 2004

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Executive director's message



*Jon Bauman,
Executive Director*

Following the longest overtime session in Illinois history, the General Assembly adjourned after reaching a budget accord that few observers think will put an end to the state's precarious fiscal position. The July 24 adjournment was nearly eight weeks after the May 31 deadline for enactment of legislation by a simple majority. Statehouse trivia experts note a new record was set for the number of special sessions called in an effort to reach budgetary compromise.

With this background in mind, it is remarkable that two issues of critical importance to your retirement system were resolved.

First, the Teachers' Retirement Insurance Program (TRIP) was rescued in the nick of time from a threatened July 1 shutdown. The program was made permanent by a compromise advanced by the active and retired teacher organizations. Passed unanimously by both houses, it was signed by the Governor on June 30, the same day it passed the Senate.

The action is remarkable in that much legislation remained stalled because of the budgetary stalemate. But in a show of respect and compassion, the bill became law and health care for retired educators continued without interruption. The state will contribute almost \$70 million to the program in the coming year. The legislation is summarized on page 7.

The system reached another significant waypoint on the road to sound funding with the enactment


Director's message
continued on page 2

TRS reaches retirement age

This year, 2004, is a landmark year for the Teachers' Retirement System. Established by the Illinois General Assembly on July 1, 1939, TRS has now served Illinois educators for 65 years.

Since its commencement in 1939, legislative changes over the past

65 years have improved and continue to evolve the TRS benefit structure. Our membership has increased to over 300,000 members, annuitants, and inactive. A staff of 175 employees is dedicated to providing first-rate service to the educators of Illinois.

TRS commemorates 65 years of continuing excellence and remains steadfast in our commitment to excellent service in years to come. We celebrate our age of retirement with an anniversary theme, which states "TRS — 65 and still working for you!" 



Historic Medicare referendum involves 28,000

The largest Medicare referendum ever conducted in the United States concluded on May 15, 2004. Over 28,000 Illinois teachers decided whether or not to begin contributing to Medicare after July 1, 2004 in this historic referendum.


This one-time opportunity was necessary because individuals who have been continuously employed with the same school district since March 31, 1986 to the present were not accumulating Medicare credits through their employment as a teacher.

Teachers who did not respond in time or chose not to return their ballots to TRS are not able to contribute to Medicare. All ballots postmarked after May 15, 2004 are void, and elections to participate in Medicare are not valid.



Over 14,000 teachers returned valid Medicare election ballots. As a result of their elections, 5,664 individuals will be able to obtain Medicare credits through their current employment as a teacher to assist in obtaining Medicare eligibility at the age of 65. These teachers began the Medicare contribution of 1.45 percent on salary earned on or after July 1, 2004.

School districts with teachers who have elected to contribute to Medicare also began making the matching Medicare contribution.

TRS would like to thank the school districts that allowed us to use their facilities for seminars and all of the teachers who took part in this historic endeavor. 

Director's message

(continued from page 1)

of the entire \$907 million appropriation request certified by the TRS Board. The approval marks the completion of a decade of compliance with the 50-year funding program enacted in 1994.

The accomplishment was not without significant struggles and uncertainties, particularly when proposals were made to reduce the appropriation to reflect future savings predicted from the sale of pension obligation bonds on favorable terms. As one who often advocates your cause before the General Assembly, I must say that arguing against savings — whether real or projected — is tough work.

Frankly, I doubt our work is over. State revenues have not yet recovered, reductions continue, and vigilance must be the

watchword. A gubernatorial commission on pensions is expected to reconvene. While the commission's outside experts found our actuarial assumptions to be sound, pressures to reduce costs will inevitably turn the discussion to benefit changes. We are convinced that TRS benefits are appropriate and that they fall in the mid-range of statewide teacher systems. We are prepared to argue persuasively.

Other work remains as well. Efforts to extend the Early Retirement Option (ERO) will continue as the June 30, 2005 sunset draws even nearer. ERO will be a focus of debate this fall and next spring when the General Assembly is in session.

It is good to save the best for last. Here are two items that make me proud.

Over half of the 4,000-plus spring retirees received their first pension payment in July,

significantly bettering our 60-day standard. Much credit is due to our dedicated staff and our recent investments in improved computer technology. We continuously seek improvement, and it is good when it is convincingly demonstrated.

Based on early analysis, we estimate that our investment return will rebound into the upper teens for the year that ended on June 30, producing investment gains of over \$4.0 billion. The pension obligation bond proceeds have grown from \$4.3 billion to just under \$5.0 billion in the first year. These results are an exciting development that reflect an improved economy and our own hard work.

As the traditional summer vacation concludes, we at TRS send our warmest wishes for a great year to come.

Best wishes,





New Web feature for online payments

Members can now pay for certain account balances, such as 2.2 upgrades for active members and optional service payments, online.

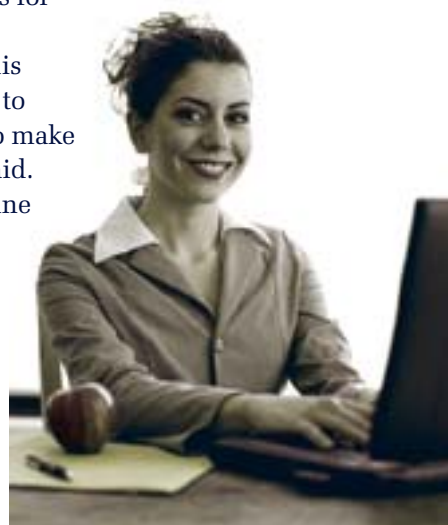
Donna Garcia, who taught at Urbana High School until her retirement this year, was the first person to make an online payment on July 15. "I needed to make a payment and my husband and I read on the site about being able to make payments online and decided to try it. It was extremely easy to use," she said.

You can use your checking account or savings account to make your online payment. Your payment will usually be reflected on your TRS online account balance in three to four business days. After verification, a payment receipt letter and a coupon for future payments, if applicable, will be mailed.

Not all balances can be paid online. IRS and TRS rules determine which types of accounts are eligible.

Balances covered by a Payroll Deduction Program agreement are not eligible.

Visit our Web site for more details, www.trs.state.il.us. 



Be aware that post-retirement limitations exist

Have you thought about going back to your old school to substitute teach? Follow these guidelines and you will not have to worry about exceeding your post-retirement teaching limitations.

Usually, there are no restrictions if you work in a position that is not covered by TRS.

Same school year limitation

If you return to a TRS-covered position in the same school year that you last contributed to TRS, your retirement annuity will be canceled and you will be required to repay all annuity payments. The school year ends June 30.

Employment in subsequent school years

Following the school year in which you last contributed to TRS, you may be employed in a TRS-covered position for up to 120-paid days or 600-paid hours per school year and still receive a retirement annuity. However, you must wait 30 days from the effective date of your resignation before performing any post-retirement teaching for the same employer.



Consequences of breaking limitations


If you exceed the limitations during the first year following retirement, your retirement annuity will be canceled and you will be required to repay all annuity payments. Contributions will be required on earnings for the entire period of employment.

If you violate the post-retirement employment restrictions in subsequent years, your retirement annuity will be suspended and you will return to active member status. This means you will start making contributions to TRS for the salary you earned after the limitation was exceeded. You will have to repay any annuity paid after you attain 120 work days.

Reciprocal Act

If you retired under the Retirement Systems Reciprocal Act, you should contact each system for the employment limitations that apply.

Non-TRS employment

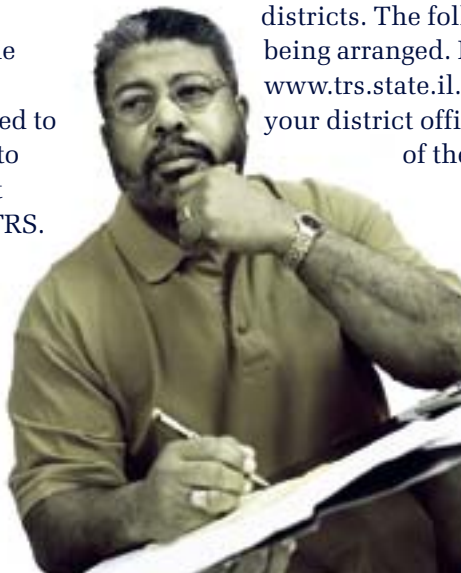
You may be employed by any college, university, private school, or out-of-state public school district after retirement without limitations. A school district may also employ you in a position not covered by TRS, such as bus driver. 



Fall meetings explain retirement process and benefits

Learn about the retirement process, disability and death benefits, the Teachers' Retirement Insurance Program, and more at our fall meetings. TRS will host 88 statewide meetings from September 14 to November 17, 2004, that are designed to explain the retirement process and to provide you with information about various benefits available through TRS.

The meetings are being conducted in cooperation with regional offices of education and selected school districts. The following locations and dates are now being arranged. Please check our Web site, www.trs.state.il.us and look for notices this fall at your district offices to confirm the locations and time of the meeting closest to you.



Retiring soon and want to know what to expect?

Just want to know more about your benefits?

We have the meeting for you.

Alton
September 16

Arlington Hts
October 20

Aurora
November 4

Barrington
September 30

Belleville
November 4

Benton
October 20

Bethalto
September 28

Bloomington
October 6

Cahokia
September 22

Canton
November 17

Carbondale
September 15

Carmi
September 30

Centralia
October 19

Champaign
September 21

Chicago Heights
September 14

Cicero
September 23

Clinton
October 13

Crystal Lake
November 4

Danville
November 8

Decatur
September 23

DesPlaines
September 21

Dixon
September 22

Downers Grove
October 14

East St Louis
October 5

Edwardsville
October 7

Effingham
October 27

Elgin
October 12

Elmhurst
September 23

Evanston
October 27

Galesburg
October 13

Geneva
September 28

Granite City
October 6

Grayslake
October 20

Harrisburg
September 29

Herrin
September 23

Highland
November 1

Morris
September 29

Morton
September 14

Mt Vernon
October 21

Murphysboro
September 22

Naperville
October 28

Newton
October 26

Normal
October 14

North Chicago
October 13

Northfield
September 28

O'Fallon
September 28

Oak Lawn
October 13

Paris
October 4

Pekin
October 21

Peoria
November 3

Pontiac
November 9

Quincy
September 14

Rockford
October 14

Romeoville
September 22

Savanna
September 16

Schaumburg
October 26

South Holland
September 29

Sparta
September 21

Springfield
September 21

Stanford
October 26

Sterling
October 6

Streator
November 17

Sycamore
October 21

Taylorville
October 7

Tinley Park
November 3

Troy
October 18

Urbana
November 3

West Frankfort
October 19

Wheaton
October 6

Yorkville
October 5

Hillsboro
October 28

Jacksonville
October 12

Jerseyville
September 29

Joliet
October 28

Kankakee
September 15

Kewanee
September 30

Lake Forest
November 9

LaSalle
October 26

Lena
September 15

Lincoln
November 3

Machesney Park
September 15

Macomb
October 14

Manlius
October 12

Marion
September 28

Mascoutah
September 16

Mattoon
October 5

Moline
October 4

Monmouth
October 12

A map depicting meeting locations, dates and times is available on our Web site:

www.trs.state.il.us





Legislation would increase Social Security benefits

Legislation has been introduced in Congress that would change the way Social Security benefits are calculated for Illinois teachers who receive pensions from non-Social Security employment. The Public Servant Retirement Protection Act (PSRPA) of 2004, contained in H.R. 4391, would base the Social Security offset on the entire work history of an individual. The legislation is a new approach to reforming the Windfall Elimination Provision (WEP) that was enacted in 1983.

The PSRPA would eventually replace the WEP that affects Illinois teachers.

While specifics on the impact of this legislation are still emerging, initial indications are that the legislation would result in a higher benefit under Social Security than under current federal law for individuals who receive a pension from a non-Social Security system, such as TRS or SURS.

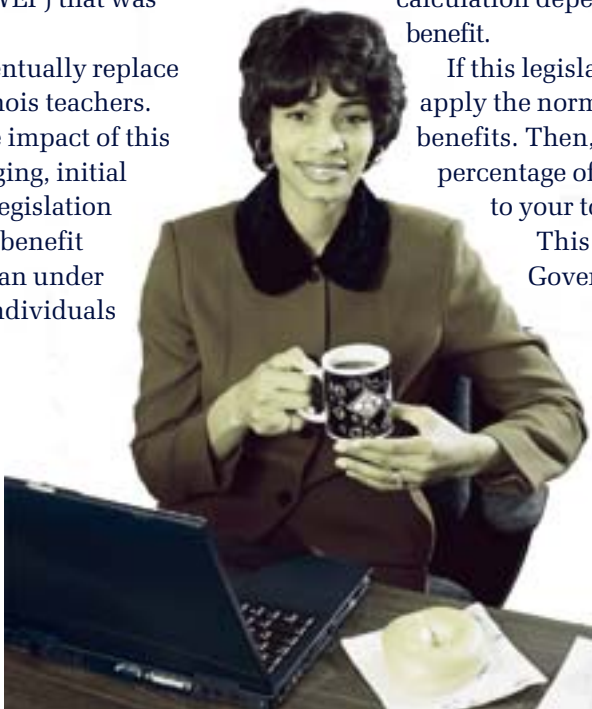
The WEP impacts all individuals who receive a pension from employment outside of Social Security unless an individual has 30 years of substantial

Social Security earnings. Generally, the WEP reduces the percentage of salary that is used in the calculation of a Social Security benefit. This and other offsets that are contained in federal law affect Illinois teachers.

If the bill is enacted, the new calculation would apply to all new hires. Current retirees and workers who currently have non-Social Security earnings will receive a benefit based upon either the WEP or PSRPA calculation depending on which one yields the higher benefit.

If this legislation is enacted, Social Security will apply the normal calculation for Social Security benefits. Then, this amount would be reduced by the percentage of work from non-covered employment to your total employment.

This legislation has no impact on the Government Pension Offset (GPO).



TRS will monitor the progress of this legislation and other legislation that would change the offsets that affect Illinois teachers. TRS urges caution in making retirement plans based on pending legislation because it:

- may be amended,
- may not pass,
- may take years to pass, and
- may never become law.

Board Calendar

Below is the calendar of upcoming Board meetings. Springfield meetings are held at the TRS Office, 2815 West Washington Street, Springfield, Illinois. Chicago meetings are held at the Holiday Inn Chicago City Centre, 300 East Ohio Street, Chicago, Illinois.



August 9-10, 2004 — Chicago

October 28-29, 2004 — Springfield

December 9-10, 2004 — Chicago

January 28, 2005 — Springfield

February 17-18, 2005 — Springfield

April 7-8, 2005 — Pere Marquette, Grafton (Retreat)

May 19-20, 2005 — Springfield

New TRS Benefits Report

You will receive your TRS Benefits Report, formerly called a Personal Statement of Benefits, in December with a new design and more detailed information.

We have tested this new layout and have made our best attempt to have accurate information on your report. However, an occasional report may inadvertently contain an error because we are unable to manually review each of the 200,000 statements. Please call us if you have questions about details that may be incorrect on your report.

More than a baker's dozen – new retiree is a father to 14

One could say his work is at home now. After teaching P.E. and health for 34 years, Donald Yost of Frankfort just retired from Elementary School District 159 in Matteson. Unlike most retirees, he has nine children living under his roof.

After being raised in a family with adopted siblings, Donald knew that he would also open his family up to other children. When Donald was dating his wife of 37 years, Bonnie, they agreed that they would eventually adopt children into their family. Bonnie, who is a stay-at-home mom, once joked that she would like to have a dozen children, but that has been surpassed.

Donald, 58, is the father to a total of 14 children. His children listed by age are: Beth, 35; Donald, 32; Kerri, 29; Ryan, 25; Dale, 24; Trisha, 23; Todd, 20; Rachel, 19; Frank, 16; Nicole, 14; Tyler, 11; James, 9; Shawn, 8; and Chloe, 1.

The three oldest children are his biological children. The other 10 are adopted and the Yost's are in the

process of adopting the youngest child, Chloe.

The siblings are from diverse backgrounds but are part of an accepting family. Donald said, "All of the adopted children were considered hard to place by adoption agencies." One has cerebral palsy, another has seizures, and some were born addicted to drugs and alcohol.

Bonnie once joked that she would like to have a dozen children . . .

Although the family is large and busy, they still partake in normal family activities. Having dinner together every night is important; they push two tables together to eat meals. All of the children have chores, such as dishes, garbage, or recycling. An allowance is paid based on the child's age and successfully accomplishing their responsibilities. Bad behavior is punished with "time out" or taking away privileges such as going over to a friend's house or bike riding.

Donald said his retirement process with TRS went very smoothly. He

enjoyed his teaching career very much. He wistfully said, "I wish there was time to do more."

That last day of teaching in early June was sad for him. He said, "I don't truly know if I'm ready to hang up my teaching spurs." He might return as a part-time athletic director at his former school or in another district. Donald thinks that it will hit him that he is actually retired when he does not receive a letter in the fall from the school with his upcoming schedule. Right now, he is excited about his summer plans.

The family is not able to take big vacations on a teacher's salary, but they still manage to get away for eight weeks every summer for a paid vacation in a Wisconsin youth camp. The whole family loves the camp atmosphere and activities. Bonnie manages a snack area for the camp and Donald is the waterfront director.

Whether his role is waterfront director, teacher, or dad, he's always a mentor to children. Some people just can't hang up their spurs.



Left to right, back row: Don (son), Elam*, Misty**, Bonnie, Donald, Jessica*, Kerri, Mike** **Middle:** Chris**, Brian*, Beth, Frank, Todd, Nicole, Dale, Trisha, Heather**, Ryan **Front row:** Justin*, Tim*, Rachel, Tyler, Shawn, James **Not shown:** Chloe, Nia, Austin
* Grandchildren ** Sons- and daughters-in-law



New Teachers' Retirement Insurance Program (TRIP) law

Legislation has been signed into law that provides for health insurance benefits for retired teachers. The Teachers' Retirement Insurance Program (TRIP), which was scheduled to expire on June 30, 2004, had been the topic of intense negotiations between all of the affected interest groups. The result of these negotiations is contained in Public Act 93-0679 that was signed into law by the Governor on June 30, 2004.

Premium increase limitations

Weighted TRIP premiums are limited by the legislation for the next three years. Actual premium

increases will vary depending on the plan in which you are enrolled.

New 25% subsidy

Medicare eligible dependents enrolled in managed care or the TCHP when a managed care plan is not available will receive a 25 percent subsidy.

Funding changes

In fiscal year 2006:

- Active teacher contributions will increase from .75 percent to .80 percent.
- School district contributions will increase from .50 percent to .60 percent.

- The state of Illinois will match active teacher contributions of .80 percent and will provide an additional \$13 million.

TRIP Commission created

The legislation created a commission to develop long-term funding solutions. The IRTA, IEA, and IFT have two representatives, respectively. The school management groups have two representatives and the Governor will appoint two representatives. The commission will meet at least four times a year. 



Teachers' Choice Health Plan (TCHP) change just announced

New TCHP out-of-pocket maximum effective July 1, 2004: In fiscal year 2005, the maximum out-of-pocket annual prescription drug cost has been reduced from \$1,250 to \$1,050.

Big Brothers Big Sisters look to TRS members for "Bigs"

When is the perfect time to help? Right now.

That is the simple question and answer suggested by the leadership of Big Brothers Big Sisters agencies in Illinois as they turn to Teachers' Retirement System of the State of Illinois members and retirees to help out in the latest recruitment drive. The Big Brothers Big Sisters State Association is recruiting "Bigs" (mentors) as part of the national effort to secure more volunteers to provide companionship to young people throughout the country.

"The match between an adult and child can be a life changing event for both participants. TRS members and retirees have a lifetime commitment to children and to the community.


Recruiting TRS members and retirees is a natural," said Brian Ganz, president of the state association.

2004 marks the 100th anniversary of New York clerk Ernest Coulter forming the group that would come to be known as Big Brothers Big Sisters. The court system employee felt the need to help youth. Big Brothers Big Sisters agencies in Illinois have met the centennial with a renewed spirit of enthusiasm.

"The need is as great today as it was 100 years ago," Ganz explained. "The only real requirement is the willingness to make a friend and desire to share some fun with a young person." Whether it is playing

sports, seeing movies, cooking or going over schoolwork, the supportive activity between Bigs and Littles can be the simplest event. Experts agree it can have a big impact on the child's life.

"Mentoring has been such an eye opener for me. I had no idea how hard it is for children to survive in today's world. Big Brothers Big Sisters is an agency of volunteers who are caring and compassionate, who want to share some quality time with a child," explained Ruth Laird of Springfield. Laird works with Big Brothers Big Sisters through the school-based mentoring program.

TRS members who want to learn more about BBBS can call 888-412-BIGS (2447) to be matched via zip codes to the nearest agency. 



Canned for the can-can

Shared by TRS annuitant Helen M. Hawley:

Ninety years ago, teachers in Gallatin County were required to pledge not to attend dances. Although Miss Omah Kinsall of Omaha, Illinois signed this pledge, and maintained that she kept her pledge, she did not refrain from dancing with family members in her home as well as at a private party.

As a result of this "immoral conduct," the Superintendent of Schools revoked Miss Kinsall's teaching certificate and terminated her teaching position.

On Jan. 30, 1914, Miss Kinsall filed suit for re-instatement. How the suit was resolved is a mystery. 



Office Information

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4200 Commerce Court, Suite 100
 Lisle, IL 60532-3611

Phone

Toll Free: (800) 877-7896

Forms Order Line: (800) 207-6948

Web site

www.trs.state.il.us

Address changes

To ensure that all information about your retirement benefit reaches you, please notify us each time your mailing address changes. You may call us or send us the following information in writing:

- your name and Social Security number
- former street address, city, state, and ZIP
- new street address, city, state, and ZIP
- daytime telephone number

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Topics & Report

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